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## Developing Marketing Competence and Managing in Networks: a Strategic Approach

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# Developing marketing competence and managing in networks: a strategic perspective

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Two important domains of scholarly investigation over the last decade, competency development and networks, share important common ground. These domains are also comprehended gainfully in terms of their wider strategic underpinning. This paper first contends that competence is considered best in terms of the particular strategy–structure–shared values constellation of a firm. This enables competence, including marketing competence, to be understood in terms of competency deepening (within the conventional marketing function), broadening (marketing activity which must be shared and co-managed with other parts of the firm), and of partnering (essentially, the ability to manage alliances, networks and relationships between the firm and other parties). It then explores this ‘partnering’ competence in more depth. To manage and develop networks involves nurturing expertise that has a strong marketing focus. On a tactical level, there is the ability to manage relationships and trust, to negotiate with partners, to establish legitimacy, and to monitor the ongoing costs and benefits of network involvement. On a more strategic level, there are issues of network choice, ‘network myopia’ and network disengagement.

KEYWORDS: Marketing competence; managing networks; strategy

## INTRODUCTION

The last decade has seen the emergence of a body of thinking in two, arguably related, domains of management theory, competency development and network theory. The development of the resource based view (RBV) of the firm, and the concept of the core competence of the firm, have emphasized the significant ability of the firm to manage its own fortunes in a proactive way rather than just to adapt meekly to industry circumstances. It has led in tandem to a significant interest among strategic management scholars in the notion of competence and competency development (Grant, 1996; Srivastava *et al.*, 1998; Teece *et al.*, 1997).

In the domain of strategic marketing, there has been less concern among scholars about competency development. Day (1993; 1994) is one of the few writers to argue the importance of marketing capabilities and their contribution to commercial success. While it is generally acknowledged that the development of marketing competence is worthwhile and is associated most likely with superior firm performance, few studies have examined marketing competence in a strategic context. Vorhies (1998) found in his US study that firms' business strategy, organizational structure and market information-processing capabilities had a positive impact on marketing capabilities development. Further, the firms in his survey with more highly developed marketing capabilities demonstrated higher levels of effectiveness. In acknowledging the limitations of his study, Vorhies (1998, pp. 17–18) concludes that 'perhaps the most important issue concerns the need to define better what is meant by the term marketing capabilities... [and that] research is needed that investigates how various marketing capabilities contribute individually to organizational success'.

Interest in network theory has also grown significantly over the last decade. The increased technological complexity and volatility of markets has encouraged a reassessment of the nature of transaction costs (Williamson, 1985) and a move towards the use of networks to manage exchange. The potential inefficiencies of open market, arms' length exchange transaction, on the one hand, and the rigidities of (company) hierarchy, on the other, have led firms to explore the continuum in between – joint ventures, partnerships, alliances and outsourcing arrangements – as more efficient approaches to market exchange. Management scholars in the areas of strategic management, marketing, organization theory, entrepreneurship studies, and sociology have all written extensively about networks and network theory (Aldrich and Zimmer, 1986; Nohria and Eccles, 1992; Thompson *et al.*, 1991; Uzzi, 1997).

In the domain of marketing, concern with networks has its origins in the influential work of the Industrial Marketing and Purchasing Group (IMP Group, 1982) and of the so-called Nordic network approach to marketing. This enquiry has contributed in large part to a paradigm shift in marketing theory away from the predominant Kotlerian view, with its emphasis on competition, the 4ps and the high street consumer, towards a 'markets as networks' or the industrial network approach (Ford, 1990; Håkansson and Johanson, 1992). This paradigm moves beyond the conventional instrumentalist conception of marketing, focuses on relationships, networking, interaction, mutuality and trust and, we argue, reaffirms the role of learning and competency development. This paper seeks to bring together these two lines of thinking, on marketing competence and on network theory, based on the authors' ongoing research on SMEs.<sup>1</sup> It does so in stressing the strategic underpinning of both concepts.

In the first instance, the idea of competence development is explored. It is contended that competence is considered best in terms of the particular strategy–structure–shared values constellation of a firm, in essence its strategic intent. This enables competence, including marketing competence, to be understood in terms of competency deepening (within the conventional marketing function), broadening (marketing activity which must be shared and

<sup>1</sup>The authors are part of a marketing group centred at the University of Ulster which is researching issues of marketing and entrepreneurship in an SME context using a longitudinal research approach. To date a database of some 70 case studies of small and small to medium sized organizations has been developed.

co-managed with others parts of the firm), and of partnering (essentially, the ability to manage alliances, networks and relationships between the firm and other parties). The notion of a corporate competence effectively driven by marketing activity, e.g. one based on superior customer care or R&D skills, is distinguished from individual marketing competence. The paper then goes on to consider marketing competence in the particular context of networks and managing in networks.

To manage and develop networks involves nurturing expertise that has a strong marketing focus, e.g. exchanging relevant market and customer information or joint promotional activity, and that which considers marketing as paramount but shared with other functions, e.g. quality assurance and overall firm strategy. Further, this marketing competency involves both operational and strategic dimensions. On a tactical level, there is the ability to manage relationships and trust, to negotiate with partners, to establish legitimacy, and to monitor the ongoing costs and benefits of network involvement. On a more strategic level, there are issues of network choice and network abandonment. We argue that 'network myopia' can be a danger where continued participation in a particular network, with its shared information resources, mindset and expectations, can blinker the firm to opportunity and advantage elsewhere.

## MARKETING COMPETENCE AND STRATEGIC INTENT

In order to understand the multifaceted nature of competence and competency development, we contend that it is necessary to situate them in a wider strategic setting. Building on Hamel and Prahalad's (1989) ideas, strategic intent is defined, in its broadest sense, as the firm's longer term, overall strategy, its strategic ambitions for itself and/or its vision for the future. While acknowledging that comprehending a firm's strategic intent is a daunting task, none the less, it is possible to study a number of its important dimensions by seeking to analyse the company's strategy, its organization structure, and the nature of its corporate culture or shared values.

### Strategy

Porter's (1980) notion of generic competitive strategy – whether cost leadership, differentiation or focus – provides a valuable starting point in any discussion of strategy. Porter's ideas have been developed further by others (Bowman, 1992; Chrisman *et al.*, 1988; Thompson and Strickland, 1998) to provide a useful classification of strategic direction with its attendant characteristics. Choice of generic competitive strategy impacts fundamentally on marketing strategy, and involves detailed consideration of key internal resources, as well as external factors such as competition, industry structure and market dynamics. Further, evaluation of a generic competitive strategy tends to concentrate on the individual firm, SBU or operating division which is also a researcher's first likely focus of investigation.

### Structure

Chandler's (1962) work established the interconnection of strategy and structure. Concepts of organization structure, from span of control, issues of centralization and decentralization,

typologies of organizational configuration, to contingency theory (Mintzberg, 1979; Chakravarthy and Lorange, 1991) all offer senior managers insight into how the firm may be structured and functional activity administered. The possibilities and demands of new technology, real-time communication, innovative products and services and intensifying global competition have necessitated flatter structures and consequentially greater empowerment at lower levels of the organization (Boehm and Phipps, 1996).

Achieving a balance between innovation and efficiency in order to serve the market with a customer and competitive strategy of both value and cost typically demands unique organizational arrangements. Lawrence and Dyer (1983) in their classic study of the renewal phenomenon in continually successful US firms suggested that the required organizational form consists of high degrees of organizational differentiation and integration. Companies capable of self-renewal and continuing growth are likely to be both differentiated and integrated in structure. A differentiated structure is one that contains variety and subdivision so as to allow different units to respond differently to varied aspects of the environment. A differentiated form will normally entail allowing decision-making discretion at decentralized levels and the empowerment of the members of the organization to analyse their situation and take action. Integration by contrast implies centralization and unified control of the company's activities. The prescription for renewal is to have both of these apparently contradictory features combined. This is the feature of excellent companies to which Peters and Waterman (1982) drew attention when they spoke of companies that were simultaneously 'loose and tight'. This choice and balance in organizational differentiation and integration is important in comprehending strategic intent.

## Shared values

Like issues of structure and organization, concepts of corporate culture, shared values and leadership styles are related intrinsically to strategic direction and success (Schein, 1985; Hofstede, 1986). An interest on the part of western managers in Japanese modes of manufacturing and management – such as total quality management (TQM) and world class manufacturing (WCM) – has broadened the discourse on corporate culture. These approaches stress multidisciplinary integration, parallel as well as sequential tasking, speed to market, high product quality and dedicated customer service.

Lawrence and Dyer (1983) suggested that human resource practices, and their underlying value systems, fall into three categories: bureaucratic, market and clan based. Bureaucratic human resource practices rely on hierarchy, rules and established procedures to guide and reward behaviour in the firm. Market based human resource practices assume that behaviour may be traded in a marketplace – crudely, that desired behaviour can be bought. This view leads to an emphasis on payment for performance. Clan based human resource practices are rooted in an assumption that those in an organization do or can have a sense of belonging to the organizational group – a sense of being in the 'clan' or being part of an extended family. If this is the case then one might expect certain aspects of behaviour to be driven by this sense of belongingness – by loyalty, by adherence to shared values governing behaviour in the group, by pride in membership and by an emotional solidarity in the face of competitive threat. Other scholars have built on Lawrence and Dyer's research (Deshpandé *et al.*, 1993) and offer detailed models of organizational culture types which can be employed to assess the strategic intentions of a firm.

## COMPETENCE AND COMPETENCY DEVELOPMENT

### The nature of competence

To initiate a discussion about the notion of competence, it is best to define it in a generic way as a skill, expertise or capability that a manager, a group of managers, or an organization, possess of relevance to the management and development of the organization. Grant (1996, p. 377) suggests that an organizational competence is 'a firm's ability to perform repeatedly a productive task which relates either directly or indirectly to a firm's capacity for creating value through effecting the transformation of inputs to outputs'. Day (1993; 1994) considers marketing capabilities as the integrative processes by which skills and knowledge are combined with tangible resources to transform marketing inputs to outputs. Described in this broad way, whether at firm or individual level, the idea of a competence can be found to have a long provenance in management literature. Katz (1955) categorized classically the skill set of managers as including technical, human and conceptual capabilities. Mintzberg (1973) similarly identified a range of basic requirements in his analysis of managerial work and distinguished between 'hard', technically focused skills and 'soft', human oriented skills. Somewhat different thinking about competence is revealed in the work of Albanese (1989) and Buchanon and Boddy (1992). They consider competence as also having a contingency dimension; it can be situation specific and can be in a sense distinctive. It can also be nurtured and thus positioned in the experiential learning perspective of Kolb (1984).

### The organizational focus of competence

It is worthwhile to consider competency development in the organization along three dimensions. There is a 'deepening' dimension. In any department in the firm, there is a requirement to deepen continually specialized expertise in a particular disciplinary field. A transport department will seek to stay competent in the latest developments in supply chain management. A marketing department will try to nurture expertise in database management or media evaluation. In essence the competence can be fully 'owned' and stewarded effectively within the confines of one department.

A 'broadening' dimension of competency development acknowledges that in any functional area of an organization a number of the activities associated with that function are actually carried out by other departments or in cooperation with other departments. The work of an R&D department may be executed in other departments. Activities like customer care and service quality, crucial to overall effective marketing, may be done outside the marketing department; here Gummesson's (1991) 'part-time marketers' play a key role. Thus the successful management of R&D, marketing, logistics and so on inevitably involves cross-disciplinary cooperation. Managers and staff of a particular function co-own and co-manage much activity of their departments with others; a process approach and mindset become paramount in order to integrate and work seamlessly across the organization. Such a processual view focuses on people and their skills, expertise and competence at both an individual and team level (Murray and O'Driscoll, 1996; Cravens, 1998). Equally, the dangers of any functional 'imperialism', or attempts by one department to dominate the organization, have to be recognized (Willmott, 1999).

A 'partnering' dimension of competency development reflects the increasingly virtual nature

of wealth and value creation. Firms decide to outsource certain value-adding activities, develop alliances with suppliers, customers, and even competitors, for possible mutual gain. The firm becomes effectively the focal point in a network of relationships and connections of varying strengths and characteristics. Managing such partnerships beyond the firm on an operational, strategic, social and even societal level presents significant challenges and requires appropriate competence to be developed. This issue is addressed in more depth later in the paper.

## Core competence

The discussion of competence thus far has largely focused on the individual or small group. However, competence is also applied in a wider corporate or organizational sense. Peters and Waterman (1982) conceive of company-wide skills and expertise. Hamel and Prahalad (1989) identify the core competences of the corporation. The resource based view of the firm adds significant weight to the issue of competency development (Barney, 1991; Peteraf, 1993). A corporate competence can now become distinctive, deployable by the firm to achieve positional superiority.

In the RDV tradition there is increasing recognition that the total value of a firm is primarily determined by 'soft', people mediated assets, not inventory and equipment. Thus, the intrinsic worth of many organizations cannot be correctly assessed from traditional profit and loss and balance sheet statements. Srivastava *et al.* (1998, p. 2) argue similarly in their framework for developing and managing 'market based assets, or assets that arise from the commingling of the firm with entities in its external environment'. Such relational and intellectual assets include customer relationships, channel expertise, brand equity, special knowledge of market conditions and so on. Further, as Teece *et al.* (1997, p. 528) argue that because of imperfect factor markets and the nontradability of soft assets like values, culture, and organizational experience, 'distinctive competences and capabilities generally cannot be acquired; they must be built'.

A picture emerges of a corporate competence distinct from individual or group/team competence. This competence takes a considerable period of time to build and nurture, and cannot readily be poached by competitors or even transferred outside the organization. In an empirical investigation of the barriers to the transfer of best practice inside the huge Xerox corporation, Szulanski (1995) employs the metaphor of 'unpacking stickiness' to characterize the difficulties in reassigning a company competence.

Another important dimension of the RBV approach to corporate competence is that a firm capability can be a driver or catalyst to shape strategic choice and organizational configuration. For example, a competitively superior expertise in R&D processes could dictate both strategy and structure to a firm: a strategy of product differentiation and a concomitant 'loose-tight' structural arrangement emphasizing high levels of inter-functional cooperation. The implicit assumption about the nature of competence, prior to the emergence of the RBV perspective, is that it represented a suitable or complementary output to a chosen strategy-structure-shared values alignment; in other words, an intended strategy of differentiation might involve the development of strong R&D skills. But it may also be hypothesized that the interrelationship between strategic intent and competency development operates in both directions, possibly in some ongoing sequence, and an unravelling of this interconnection is one of the objectives of our research.

## Learning organization

Senge's (1990) concept of the learning organization is very relevant in exploring the interconnections between strategic intent and marketing competency. Learning organizations continuously acquire, process and disseminate throughout the organization knowledge about markets, products, technologies, and business processes (Slater and Narver, 1999). This knowledge is based on information from customers, suppliers, competitors and other sources, e.g. network involvement. Through complex communication and coordination processes, these organizations reach a shared interpretation of information that enables them to act swiftly and decisively exploit opportunities and defuse problems. Thus, learning underpins both strategic intent and marketing competency, and the important concept of market orientation (Kohli and Jaworski, 1990) only comes to full fruition when it is enveloped in the learning organization (Sinkula, 1994).

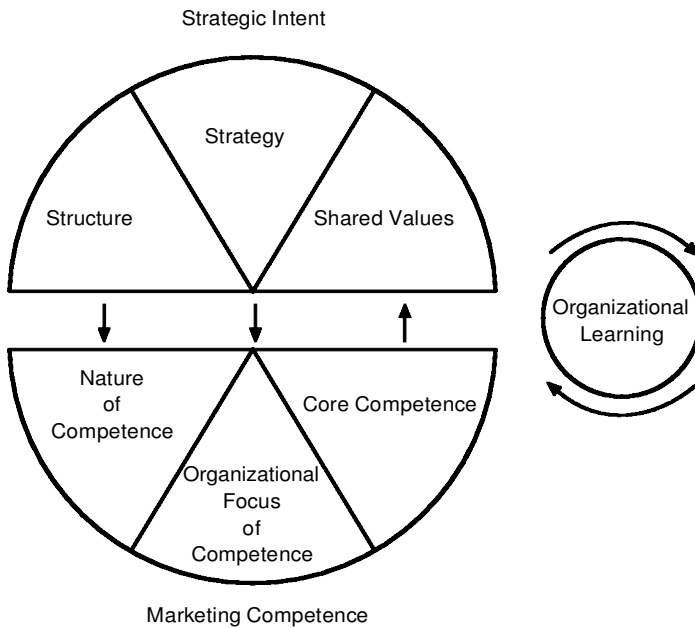
Further, in considering an organization's commitment to learning, it is important to distinguish between adaptive and generative learning. Adaptive learning is the most basic type of learning. It is usually sequential, incremental, and focused on issues or opportunities within the organization's traditional scope of activities. However, there is often the danger that a dominant general management logic or traditional core capability, left unquestioned, may become 'a core rigidity' or 'a competence trap' that inhibits innovation (Leonard-Barton, 1992). Similarly, Hamel and Prahalad (1991, p. 83) describe the 'tyranny of the served market', in which narrow business perspectives and ambitions cut short the search for unconventional business opportunities. Generative learning, on the other hand, takes place when the organization is willing to question long-held beliefs about mission, customers, competences and strategy.

## LINKING MARKETING COMPETENCE AND STRATEGIC INTENT

The ideas and lines of argument discussed above are brought together in Fig. 1. This conceptual framework has two main component parts. The first part suggests that it is possible to identify, categorize and evaluate the broad strategic intent of an organization by considering its particular strategy–structure–shared values constellation. At a generic level, this involves choice and decisions about a strategy directed towards cost leadership or differentiation, about structure in terms of balance between integration and differentiation, and about shared company values whether bureaucratic, market and/or clan based. This first-cut assessment and shaping of the firm's strategic plan can then be probed and developed further using other 'second order' variables and analytical tools.

The second part of the model suggests a typology of marketing competences. Competence is analysed in three ways. First, the nature of individual marketing competence is analysed usefully by exploring the technical, human and conceptual composition of competence. Second, the organizational focus of individual marketing competence, and its development, can be considered beneficially in terms of deepening, broadening and partnering dimensions. Third, the existence of corporate competence, in particular marketing-driven corporate competence or capability, is analysed and its role both as an outcome of, and driver of, strategic intent studied. Furthermore, in exploring the interrelationship between strategic intent and competency development, it is also necessary to examine how approaches to learning, training and development in the organization are a part of its strategy and contribute





**FIGURE 1. Linking strategic intent to marketing competency development.**

to competency development. Thus, the notion of the learning organization is an important moderator in the relationship.

This 'parsimonious model' (Peteraf, 1993) seeks to encapsulate our understanding of the research issue at this juncture. It represents the output of reflection on literature in the domains of strategic management and strategic marketing, allied to analysis of a range of case studies. The framework provides a guiding template in undertaking further research and suggests *a priori* expectations about links and connections in the model based on the underlying, albeit approximate, theory.

For example, a firm pursuing a standardized product strategy might be expected to have a centralized organization structure with a top-down culture of decision making, and to place great emphasis on the development of middle grade technical competencies, but little on self-empowerment skills. A packaging manufacturer in our database typifies this scenario. For a number of years it was, in classic Porterian analysis, stuck in the middle and unprofitably so. It offered both low cost off-the-shelf products and more customized higher value solutions. However, it was not competing effectively along either avenue; it was unable to pursue simultaneously a strategy of commoditization and differentiation. The firm then decided to capitalize on a growing electronics and software industry and realign itself around its original expertise of offering the lost cost, good value/quality, off-the-shelf products that this emerging sector required. It re-tooled and invested in state of the art technology. Its marketing capabilities now focused on quick reliable customer response, immediate pricing decisions, forceful and highly incentivized selling and a newly developed use of teleselling. Existing more sophisticated and expensive marketing practices were wound down.

In contrast, a firm seeking to follow a strategy of product differentiation, with a

concomitant 'loose-tight' structural arrangement, would likely emphasize inter-functional cooperation and the growth of high level specialist expertise in key areas. A marketing communications firm in our database exemplified this. The advent of integrated marketing communications in the early 1990s saw the firm ambitious to compete as an IMC provider. It offered a service to clients across four broad areas: advertising; direct marketing; promotion and public relations; and design. But each of these four domains was organized as a business unit with profit responsibility, and each domain operated more or less as a fiefdom. The firm was an integrated marketing communications provider more in the sense that a full range of services was potentially available to a client rather than by the fact that the majority of clients availed of a truly integrated service. The arrival of other competitors with an IMC approach and the loss of a number of important accounts forced the agency into dismantling the business unit approach in favour of one offering a genuine integrated marketing communications platform to each client, whether that be any or all of advertising, direct marketing, PR & promotion, design, or other service. An account manager now looked after each client, supported by a team drawn from across these areas of expertise. Nurturing a cadre of these account managers – essentially integrated marketing communications experts – took considerable time and investment.

These examples illustrate the 'threads' of interconnection between a firm's strategic ambitions and its competency development needs. Both instance cases where a change of strategic intent necessitates a renewal of marketing competence. Strategy, in effect, drives competency development. But competence can also shape strategy. For instance, the existence of and reputation for a strong or core competence in customer service in a particular firm might influence choices about product and market development and about organizational configuration. The marketing communications company in our example developed over time a distinctive IMC competence which enabled it to serve markets it hitherto had not considered.

## **MANAGING IN NETWORKS AND MARKETING COMPETENCE**

Academic interest in networks and network theory very much reflects the genuine concerns of managers in our database firms. They realize that how they manage in a network context, whether it be a loose collaborative arrangement or a more formalized alliance, is an important source of operational and strategic advantage. This 'partnering' dimension of competency development reflects the increasingly virtual nature of wealth and value creation. The firm becomes effectively the focal point in a network of relationships and connections of varying strengths and characteristics. It is acknowledged that network relations can be highly and weakly collaborative, be combative at times and involve power asymmetry (Nohria and Eccles, 1992). Managing such partnerships on an operational, strategic, social and even societal level presents significant challenges and requires appropriate competence to be understood and developed.

Uzzi (1997) contends that network firms must develop both soft and hard competences in their relationships; the former creating a 'social foundation' based on trust and commitment, the latter creating, for example, joint product and marketing activities among firms. It is noteworthy that many of the capabilities involved in managing in networks are marketing based or related. This is directly so in case of the customer and market 'sensing' possibilities afforded by a network, but is also evident in activities such as quality assurance and customer care where other company departments/functions are involved. Marketing awareness also

infuses the process of social bonding and trust building in a network. As the key players manage in a network on a quotidian basis, they monitor the ongoing costs and benefits of network involvement. Network legitimacy is a generalized perception that the actions and activities of a network are desirable and appropriate both to member firms and to external interest groups (Suchman, 1995). Network legitimacy attracts network resources and leads to network persistence. The capability to judge network legitimacy combines both hard and soft managerial qualities, akin to Katz' (1955) conceptual, solution focused competence. It also reminds us that networks of their very nature are amoebic entities and that creativity and innovation are important qualities in their management.

We have written elsewhere of the notion of the personal contact network (PCN) of an entrepreneur or owner-manager in a small firm (Carson *et al.*, 1995). The owner-manager's ability 'to work' this network is key to their firm's success. The network includes family, social and business contacts, is very much a personal construct and cannot be readily transferred to another (potential) owner-manager. This social embeddedness of entrepreneurship and business start-up has been addressed by network researchers, often of a sociological tradition (Aldrich and Zimmer, 1986; Granovetter, 1985). New business ventures, like any other form of economic activity, are analysed in terms of social relationships and the network of relationships between economic actors (Weinstein, 1999).

The growth of the 'markets as networks' paradigm captures the rich and complex societal foundation of marketing activity – a dimension undervalued in the traditional instrumentalist Kotlerian approach with its emphasis on markets and hierarchies. Viewing marketing exchange through networks, i.e. somewhere on a continuum between open market and hierarchy, is to focus perforce on issues of trust, mutuality and fairness in relationships, and societal consequence (Nooteboom, 1992). Considerable network research in marketing has indeed focused on these issues and related operational concerns. We have argued elsewhere that this is being done to the exclusion of broader, system-wide strategic considerations (Little and O'Driscoll, 1999). There is need for more strategic thinking about managing in and managing networks.

## **NETWORKS AND CORE COMPETENCE**

The ambitious firm seeks to position itself within a network in a way that maximizes its advantage. Such positioning is an important source of competitive advantage. For some firms, it may even amount to a distinctive or core competence. We identified a number of firms in our database for whom the capability to manage deftly a set of relationships in a network constituted effectively such a core competence. One such firm enjoyed a sizeable market share with its branded soap in a market largely dominated by Unilever and Procter & Gamble products. It outsourced both the manufacture of the soap and its distribution. It worked closely with the key buyers in the large multiple retailers to ensure access to shelf space. It carefully managed the soap's brand equity through imaginative packaging and highly selective marketing communication, in particular, in-store merchandizing. The firm's core competence was arguably its expertise in managing the set of relationships inherent in these activities.

In the case of small business start-ups, the socially constituted dimension often determines, and continues to embed for a period of time, the particular network the firm joins. However, most firms have a choice whether and how they participate in a network, and whether and how they might abandon it. Such choices are strategic. The strategic intent of the firm shapes decisions about which networks to enter and which to exit. Judging the legitimacy of a

network and calculating the return on investment on participation involves a strategic mindset. Networks continually evolve and the fact that a network served a particular firm well for a period of time does not mean it will always do so. There is a danger of what we call 'network myopia'. The network becomes redundant in terms of useful involvement on the part of the firm. However the firm does not realize this and continues to put resources into the network. This correlates to the danger that a dominant general management logic or traditional core capability, left unquestioned, may become 'a core rigidity' or 'a competence trap' that inhibits innovation (Leonard-Barton, 1992). A successful IT firm in our database regularly and systematically re-evaluated membership of its various networks. A publisher admitted that it had stayed too long in a cooperative marketing venture and become a net loser in that network.

In his network study in the US fashion garment industry, Uzzi (1997) found that the most successful firms over the longer term were those that organized themselves with a balance of strong, close partnerships and weak, at-one-remove relationships in their network. This balance of strong ties-weak ties to maintain positional advantage within a network is analogous to Lawrence and Dyer's (1983) prescription of high degrees of organizational differentiation and integration to ensure company renewal. It is also similar to Peters and Waterman's (1982) contention that the excellent companies in their study were simultaneously 'loose and tight' in organizational arrangement.

Managing in networks requires hard, technically focused competences and soft, people mediated competences. The strategic management of a network implicitly involves both and highlights the extent to which competence becomes embedded not only in the firm but also in the network. Srivastava *et al.*'s (1998, p. 2) concept of 'market based assets, or assets that arise from the commingling of the firm with entities in its external environment', include such relational and intellectual assets as customer relationships, channel expertise, brand equity, and special knowledge of market conditions. To this list may be added the management of networks.

Further, as Teece *et al.* (1997, p. 528) argue: 'Because of imperfect factor markets, or more precisely the nontradability of soft assets like values, culture, and organizational experience, distinctive competences and capabilities generally cannot be acquired; they must be built'. In a similar vein, the competences to manage in networks cannot be readily acquired. They must be built within the firm over time. This consideration reiterates the importance of learning in the organization and in the network. Not surprisingly, there is growing interest in the notion of learning in networks (Araujo, 1998). Slater and Narver (1999) see a network as composed of 'learning partners'. Further, they contend along with Sinkula (1994) that true market orientation is unlikely to be achieved without the successful establishment of a learning organization and, by logical extension, a learning network. Such network learning is most likely of a generative, self-conscious and creative nature. It ensures that today's vital competence does not become tomorrow's competence straitjacket and, to adapt Hamel and Prahalad's (1991) phrase, avoids 'the tyranny of the served network'.

## CONCLUSION

Marketers, whether of full-time stature or in 'the crucial role' (Gummesson, 1991) of part-time marketer, whether working in a large or micro enterprise, whether operating in a big or small network, need to deepen existing expertise and learn new competence. Identifying such competency needs can be problematic. We postulate that such needs are best comprehended

in the context of the firm's broader strategic ambitions. The longer-term competency development needs of individuals and their organization can only be understood imperfectly in the isolation of a particular department or function. Rather they require to be situated in the context of the firm's corporate strategy, including of course its marketing strategy.

This paper offers a conceptual framework which, it is argued, enables the interconnections between a firm's strategic intent and the development of marketing competency in that firm to be studied in increasing depth. It contends that the strategic intent of a firm can be defined by a particular configuration of strategy, structure and shared values. This particular strategy-structure-shared values constellation then provides a context and setting to understand competence and competence development needs, in particular in the area of marketing. The model suggests a typology of marketing competences. Competency development can be directed at the individual level or have a more holistic or corporate focus. Individual competence can be considered in technical, human and conceptual terms. The model also suggests that it is worthwhile to consider competency development in the organization along three further dimensions: a deepening, broadening and partnering dimension. Using an in-depth case study methodology, the model is being refined and developed in order to unravel and discover interrelationships and causal tendencies, and to contribute conceptual insight in a domain where only limited theoretical understanding appears to exist at present.

Our research highlights the importance of the partnering dimension of competency development – essentially, the ability to manage alliances, networks and relationships between the firm and other parties. To manage and develop networks involves nurturing expertise that has a strong marketing focus, e.g. customer and market 'sensing' or joint promotional activity, and those activities that consider marketing as paramount but shared with other functions, e.g. quality assurance and overall firm strategy. Further, this marketing competency is characterized by operational and strategic dimensions. On a tactical level, there is the ability to manage relationships and trust, to negotiate with partners, to establish legitimacy, and to monitor the ongoing costs and benefits of network involvement. On a more strategic level, there are issues of network choice and network disengagement. It is argued that 'network myopia' can be a danger where continued participation in a particular network, with its shared information resources, mindset and expectations, can blinker the firm to opportunity and advantage elsewhere.

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